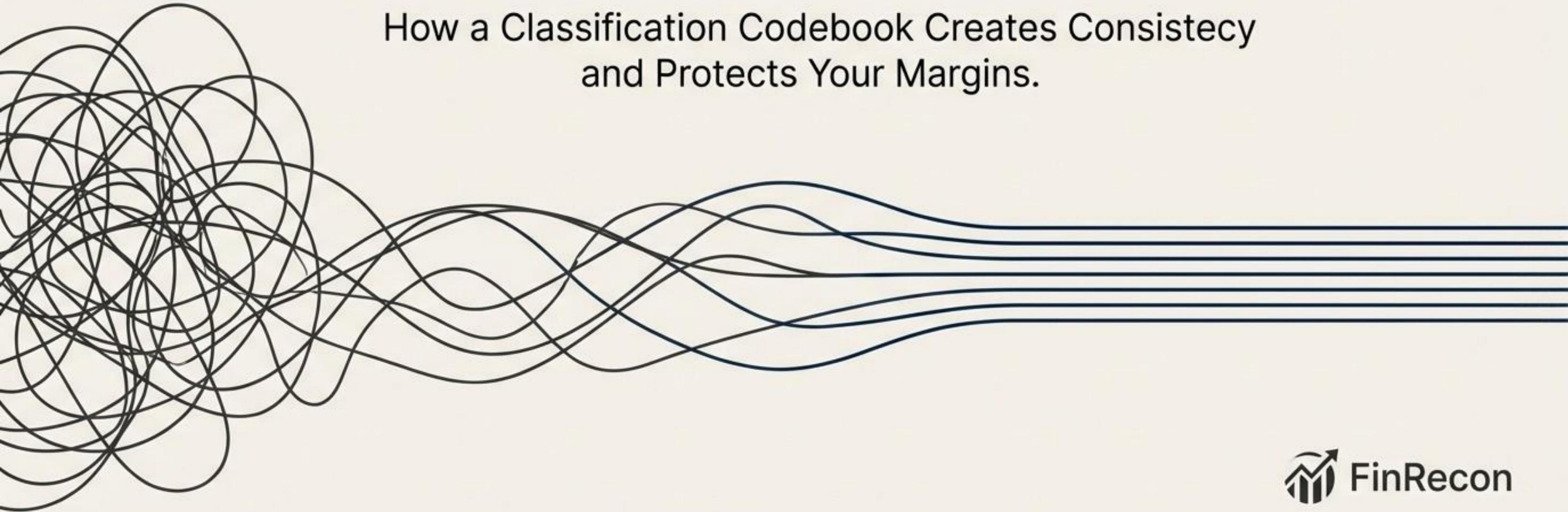


# Stop Misclassifying. Start Scaling. Start Scaling.

How a Classification Codebook Creates Consistency  
and Protects Your Margins.





## The Inconsistency Tax: Every ‘Best Guess’ Costs You.

When your team classifies transactions by ‘eyeballing’ it, they aren’t just making a guess—they’re creating silent risk.

Each inconsistency, no matter how small, introduces errors that compound over time, slowly eroding profitability and trust in your numbers.

This is the hidden cost of not having a system.

# Does Your Team Debate These?

## The Top 5 Misclassification Hotspots

The same transaction can be classified in multiple ways depending on who is doing the work. This ambiguity is where errors begin.



### **SaaS vs. Software License**

Is it a recurring operational expense or a capitalized asset?



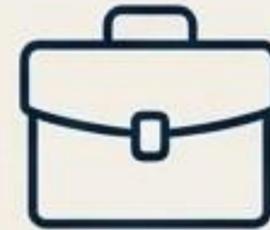
### **Meals vs. Entertainment**

What's the threshold for deductibility? Who was present?



### **Mileage vs. Auto Expense**

Reimbursement, fuel, or vehicle maintenance? The rules are different.



### **Contractor vs. Professional Fees**

Are they a 1099 vendor or a consulting firm? It impacts reporting.



### **Repairs & Maintenance vs. Capital Improvements**

Does it fix an asset or enhance its value? The treatment is fundamentally different.

# Misclassification Directly Destroys Your Margins.



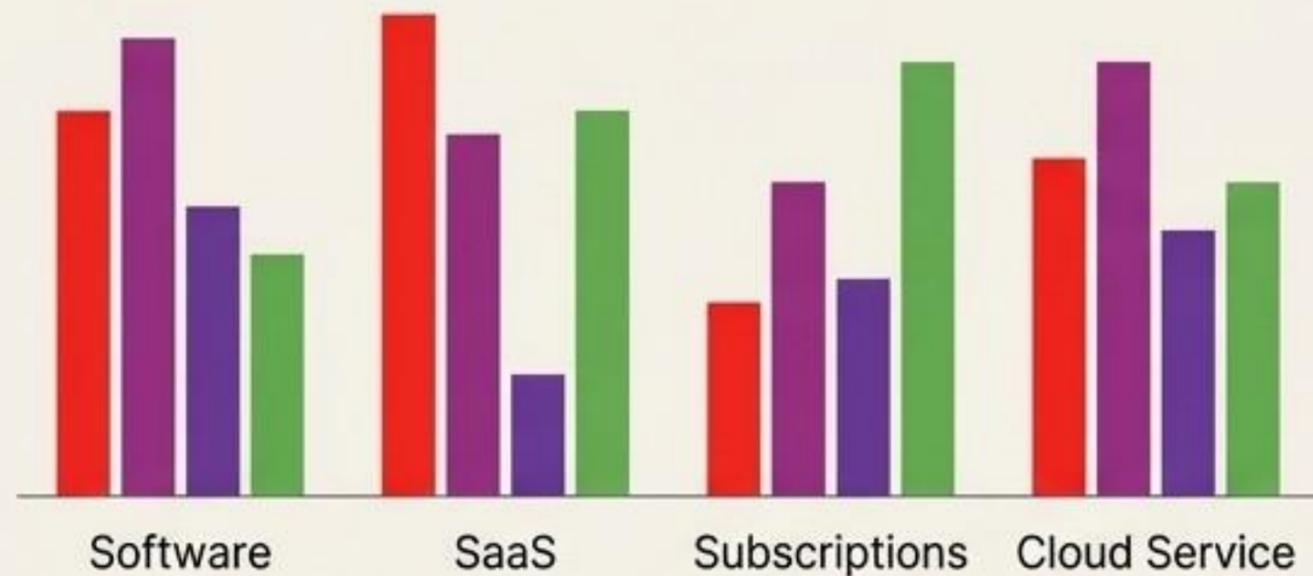
A typical error rate of just 3-5% in transaction classification can silently erode your firm's net margins by over 10%. It's a death by a thousand cuts, caused by:

- **Rework:** Time spent by senior staff correcting junior staff errors.
- **Write-offs:** Unbillable hours spent fixing mistakes discovered too late.
- **Scope Creep:** Over-servicing clients to clean up messy books before closing.

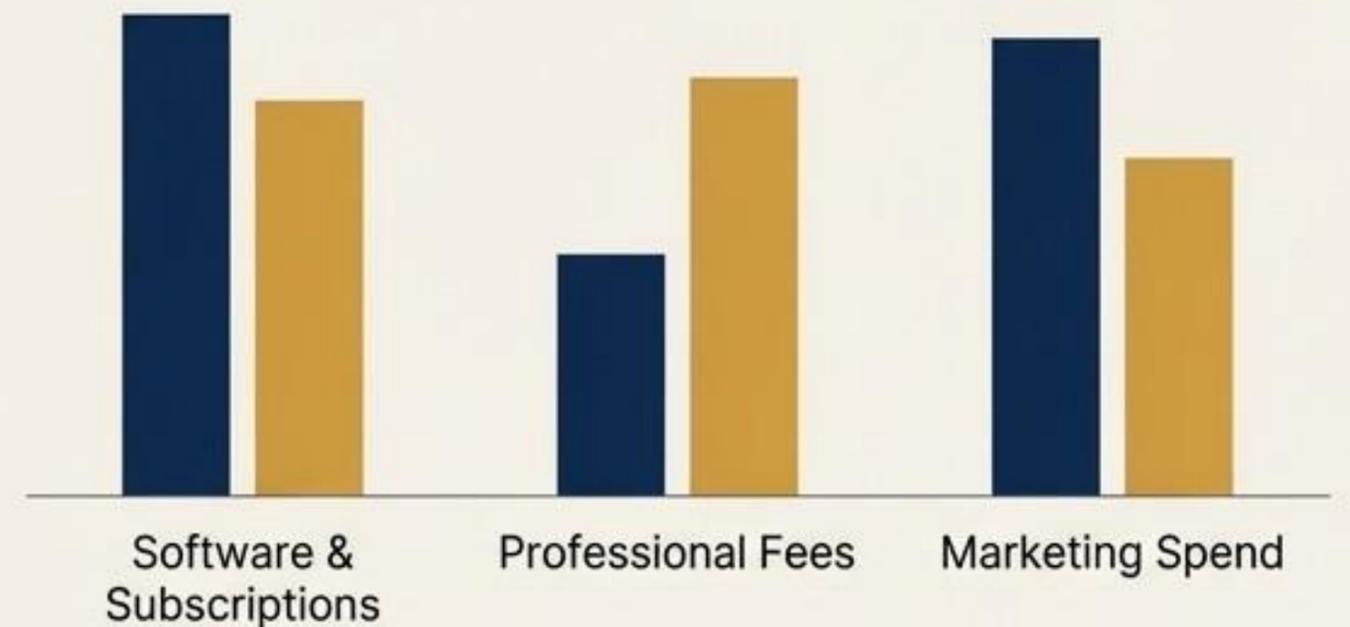
# Inconsistent Data Leads to Unreliable Reporting

When classifications are subjective, your financial reports become a house of cards. Trends are obscured, budget-to-actual analysis is meaningless, and strategic decisions are based on flawed data. You can't advise a client on their business if you can't trust the numbers.

"Eyeballing It"



"With a System"



# 'It's Just a Small Error' Until the Audit.

**Inconsistent classification** is a major red flag for auditors. It signals a lack of internal controls and can trigger **deeper scrutiny**, leading to painful fire drills, extensive rework, and potentially costly adjustments. Every question from an auditor about classification is unbillable time spent defending inconsistent work.

**REWORK  
REQUIRED**

# The Solution: A Single Source of Truth.



A Classification Codebook is a definitive playbook for your firm. It's a centralized document that establishes clear, rules-based logic for how every transaction category is handled, removing guesswork and subjectivity from the process entirely.

# What Makes a Codebook Work?

It's more than a list of accounts. A robust codebook provides total clarity for your team and your automation tools.



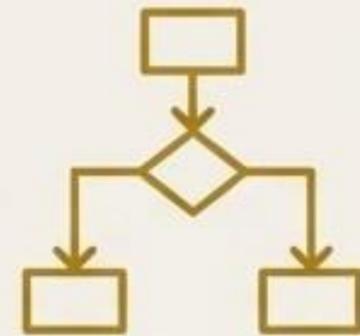
## Clear Definitions

Precise, plain-language definitions for each category. What *is* and what *is not* included.



## Specific Examples

Real-world examples of vendors and transaction descriptions for each rule to eliminate ambiguity.



## If/Then Logic

Simple decision trees for complex categories. (e.g., "If meal expense is > \$75 AND includes a client, classify as 8515.")

# From Subjective Guesswork to Scalable System.

## The “Eyeball” Method

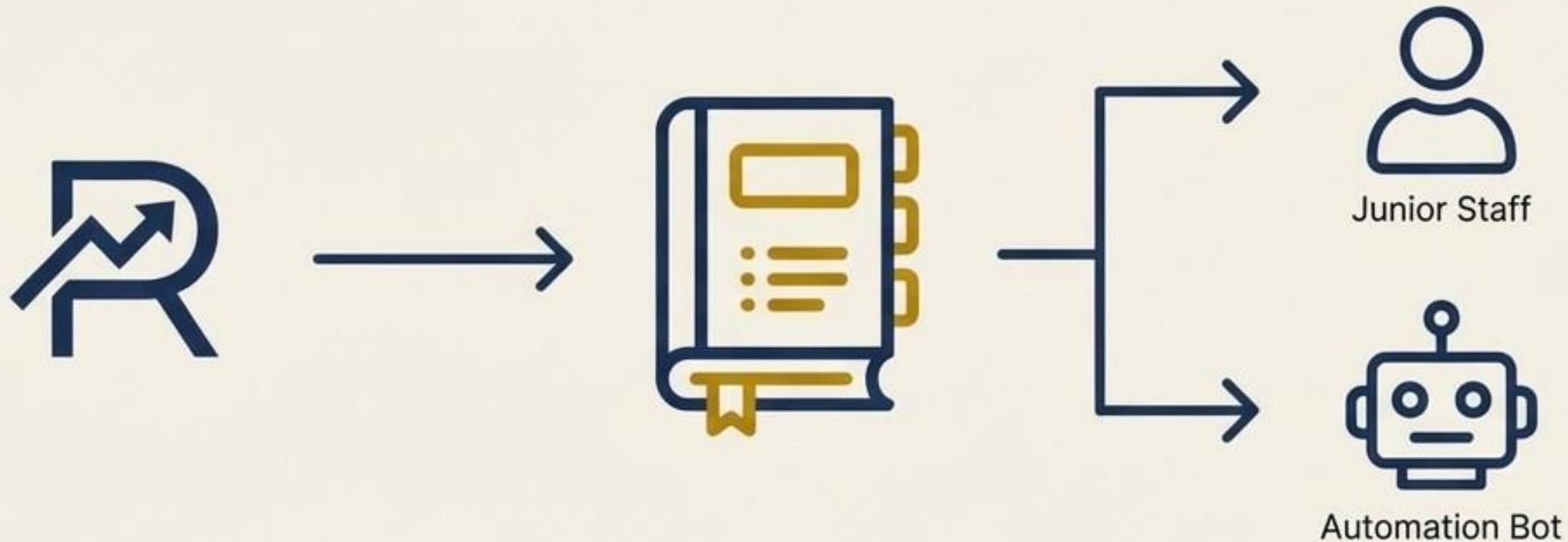
- Subjective & Inconsistent
- Dependent on Senior Staff Knowledge
- Creates Constant Rework
- Impossible to Automate Reliably

## The Rules-Based Method

- Objective & Consistent Every Time
- Empowers Junior Staff to Work Accurately
- Drastically Reduces Review Time
- The Foundation for Effective Automation

# Building Your Firm's Playbook

*“FinRecon builds classification playbooks for partner firms—one source of truth so junior staff and automation classify the same way every time.”*



# Consistency is the Engine of Scale.

With a codebook as your foundation, you can onboard new team members faster, delegate work with confidence, and leverage automation to its full potential. You stop spending time fixing the past and start building capacity for the future. More clients, same headcount, better margins.



